

Revenue Loss to School Districts Under 2003 SB 477 "Property Tax Freeze"

Source: State Budget Office, Department of Administration

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The legislature has introduced SB477, a property tax "freeze" proposal that consists of two components related to schools: reductions to the allowable per pupil increases under school district revenue limits and significant cutbacks to the four-year-old kindergarten program. The attached table demonstrates how school districts statewide would lose \$338 million over the next two years if the bill becomes law.

School Revenue Limits

SB 477 would limit the per pupil increase allowed under school revenue limits to \$120 per pupil in FY05 and \$100 per pupil in FY06. (Under existing law, the allowable increase in school district revenue per pupil is estimated to be \$242 in FY05 and \$247 in FY06.) As demonstrated in the table below, school districts across the state would lose approximately \$338 million in revenue limit authority if the proposed "freeze" on per-pupil allowable increases in the revenue limit were to become law. Further, the proposal would cap the allowable per pupil increase at \$100 forever, but the impact of that change is not shown in the table

Note: the estimates in the table are based on the following assumptions:

- Each school district's 3 year rolling average of enrollment for purposes of the revenue limit remains unchanged and fixed at the FY04 figure.
- School revenue limits will increase under current law by \$242 per pupil in FY05 and \$247 per pupil in FY06.
- No attempt has been made to include the impact of increasing the low revenue limit exemption.